

**Agency Proposed Budget**

The following table summarizes the total executive budget proposal for the agency by year, type of expenditure, and source of funding.

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	39.00	0.00	0.00	39.00	0.00	0.00	39.00	39.00
Personal Services	2,338,073	248,887	0	2,586,960	182,787	0	2,520,860	5,107,820
Operating Expenses	525,483	41,412	0	566,895	24,617	0	550,100	1,116,995
<b>Total Costs</b>	<b>\$2,863,556</b>	<b>\$290,299</b>	<b>\$0</b>	<b>\$3,153,855</b>	<b>\$207,404</b>	<b>\$0</b>	<b>\$3,070,960</b>	<b>\$6,224,815</b>
State/Other Special	2,849,155	284,699	0	3,133,854	201,804	0	3,050,959	6,184,813
Federal Special	14,401	5,600	0	20,001	5,600	0	20,001	40,002
<b>Total Funds</b>	<b>\$2,863,556</b>	<b>\$290,299</b>	<b>\$0</b>	<b>\$3,153,855</b>	<b>\$207,404</b>	<b>\$0</b>	<b>\$3,070,960</b>	<b>\$6,224,815</b>

**Agency Description**

The Department of Public Service Regulation (PSR) regulates the operations of public utility and transportation industries that operate in the state. Five commissioners, elected from districts throughout Montana, form the Montana Public Service Commission (PSC) that oversees the PSR. Each commissioner serves a four-year term.

**Agency Highlights**

Public Service Regulation Major Budget Highlights	
◆	Funding for the agency increases 6.1 percent between the 2007 and 2009 biennia, primarily due to statewide present law adjustments to fully fund personal services and employee benefit costs

**Agency Discussion***Goals & Objectives:*

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the legislature may wish to review the following:

- Goals, objectives and year-to-date outcomes from the 2007 biennium
- Goals and objectives and their correlation to the 2009 biennium budget request

**Funding**

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the Governor.

Program Funding Table Public Service Regulation						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
02000 Total State Special Funds	\$ 2,849,155	99.5%	\$ 3,133,854	99.4%	\$ 3,050,959	99.3%
02281 Public Service Commission	2,849,155	99.5%	3,133,854	99.4%	3,050,959	99.3%
03000 Total Federal Special Funds	14,401	0.5%	20,001	0.6%	20,001	0.7%
03011 Natural Gas Safety Pgm	14,401	0.5%	20,001	0.6%	20,001	0.7%
<b>Grand Total</b>	<b>\$ 2,863,556</b>	<b>100.0%</b>	<b>\$ 3,153,855</b>	<b>100.0%</b>	<b>\$ 3,070,960</b>	<b>100.0%</b>

Public Service Regulation (PSR) is funded primarily by a fee that is levied on regulated companies, based on funding appropriated by the legislature for a specific fiscal year. Fees are deposited directly into a state special revenue account and are based upon a percentage of the gross operating revenue from all activities regulated by the commission for the calendar quarter of operation (69-1-402, MCA). The department also administers a small amount of federal grant funds.

### Biennium Budget Comparison

The following table compares the executive budget request in the 2009 biennium with the 2007 biennium by type of expenditure and source of funding. The 2009 biennium consists of actual FY 2006 expenditures and FY 2007 appropriations.

Budget Item	Present Law Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	Present Law Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Biennium Fiscal 06-07	Total Exec. Budget Fiscal 08-09
FTE	39.00	0.00	39.00	39.00	0.00	39.00	39.00	39.00
Personal Services	2,586,960	0	2,586,960	2,520,860	0	2,520,860	4,788,743	5,107,820
Operating Expenses	566,895	0	566,895	550,100	0	550,100	1,079,355	1,116,995
<b>Total Costs</b>	<b>\$3,153,855</b>	<b>\$0</b>	<b>\$3,153,855</b>	<b>\$3,070,960</b>	<b>\$0</b>	<b>\$3,070,960</b>	<b>\$5,868,098</b>	<b>\$6,224,815</b>
State/Other Special	3,133,854	0	3,133,854	3,050,959	0	3,050,959	5,838,251	6,184,813
Federal Special	20,001	0	20,001	20,001	0	20,001	29,847	40,002
<b>Total Funds</b>	<b>\$3,153,855</b>	<b>\$0</b>	<b>\$3,153,855</b>	<b>\$3,070,960</b>	<b>\$0</b>	<b>\$3,070,960</b>	<b>\$5,868,098</b>	<b>\$6,224,815</b>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments											
-----Fiscal 2008-----						-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services					250,501					256,760	
Vacancy Savings					(83,262)					(83,493)	
Inflation/Deflation					6,737					7,257	
Fixed Costs					9,607					(10,922)	
Total Statewide Present Law Adjustments					\$183,583						\$169,602
DP 1 - Pay Retirement Benefits	0.00	0	72,128	0	72,128	0.00	0	0	0	0	
DP 2 - Match Pipeline Safety Federal Award	0.00	0	8,400	5,600	14,000	0.00	0	8,400	5,600	14,000	
DP 4 - Building Rent/Computer Replacement	0.00	0	17,932	0	17,932	0.00	0	21,146	0	21,146	
DP 5 - Maintain Membership in NRRI	0.00	0	2,656	0	2,656	0.00	0	2,656	0	2,656	
Total Other Present Law Adjustments											
	0.00	\$0	\$101,116	\$5,600	\$106,716	0.00	\$0	\$32,202	\$5,600	\$37,802	
Grand Total All Present Law Adjustments					\$290,299						\$207,404

#### LFD COMMENT

Personal services costs increase 10.7 percent over the FY 2006 base budget. Of this increase, almost 31 percent is related to fully funding positions that were vacant part of the year and 18 percent is related to the increased cost of insurance. The balance of the increase is due to other factors such as annualization of 2007 biennium pay plan provisions.

DP 1 - Pay Retirement Benefits - This decision package requests \$72,128 state special revenue in a biennial appropriation for staff retirement payouts. The PSC anticipates the retirement of three staff members (approximately 9 percent of staff) who will complete 30 years of service during the next biennium resulting in leave payouts above normal personal services costs.

DP 2 - Match Pipeline Safety Federal Award - This decision package requests \$8,400 in state special revenue funds and \$5,600 in federal funds in each year of the biennium for the Pipeline Safety Program. The Pipeline Safety Program inspects pipelines and investigates accidents and incidents involving pipelines. This federal grant requires a 60 percent match of state funds. State special revenue is used for the match.

DP 4 - Building Rent/Computer Replacement - This decision package requests state special revenue of \$10,932 in FY 2008 and \$16,646 in FY 2009 to fund a 3 percent per year increase in rent that is included in the rental contract negotiated by the Department of Administration. This decision package also requests \$7,000 in FY 2008 and \$4,500 in FY 2009 to fund replacement of four desktop computers (FY 2008) and one server (FY 2009). The agency indicates that computer equipment replacement is requested based on the four-year replacement cycle recommended by the Information Technology Division of the Department of Administration.

<b>LFD COMMENT</b>	In FY 2006, the base budget year, the agency received and expended an appropriation of \$48,274 for computer equipment replacement. However, because this appropriation was designated as one-time-only funding, it was not included in the base budget used for development of the 2009 biennium budget.
------------------------	---

DP 5 - Maintain Membership in NRRI - This decision package requests \$2,656 state special revenue per year to maintain membership in the National Regulatory Research Institute (NRRI). The NRRI serves as the research arm of the National Association of Regulatory Utility Commissioners (NARUC).

## Other Issues

### *Elected Official Proposal*

The Public Service Regulation Department (PSR) requests that vacancy savings on the agency be eliminated or reduced. Vacancy savings of 4 percent was applied to all positions except elected officials. To eliminate the entire amount would add state special revenue of \$83,262 in FY 2008 and \$83,493 in FY 2009. An alternative proposal would be to exempt 20.00 FTE from vacancy savings (vacancy savings is usually not applied to agencies of 20.00 or fewer FTE). Based upon the average vacancy savings per FTE, exemption of 20.00 FTE from vacancy savings would add state special revenue of \$48,978 in FY 2008 and \$49,114 in FY 2009.